
CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

SECTION 1400.0 GENERAL

This chapter describes the capital outlay process. It provides instructions on documentation required for approvals at various milestones in the Capital Outlay process. ALL capital outlay projects shall follow the approval procedures in Section 1404.4 unless specifically waived by the Director of the Bureau of Capital Outlay Management or the document authorizing initiation of the project or deviation is authorized by an entity delegated authority to do so by the Acts of Assembly, or by Agency MOU's with and approved by the Secretary of Administration.

On projects authorized under delegated authority to the agency, the CO-2, CO-4, CO-5, CO-6 and CO-8 (HECO Forms) shall be submitted to and approved by the Agency Designee in conformance with the Agency MOU. Building Official activities remain under the purview of the Director, Division of Engineering and Buildings (the Building Official for Buildings on State Property).

SECTION 1401.0 CAPITAL PROJECT PLANNING / BUDGETING PROCESS:

This section generally describes the budget process directly related to the Capital Outlay Program.

- The Agency develops its Six (6) year plan for Capital Projects.
- DPB issues its Budget Instructions (usually in February) See <http://www.dpb.virginia.gov/>
- Agencies submit their Capital Budget Requests (CBR) with priority indicated in late summer
- Capital Project submissions are reviewed and considered in the fall by DPB for possible inclusion in the Governor's budget based on program guidance established by the Governor.
- The Governor presents his Budget to the money committees in December
- "Part 2, Capital Project Expenses" of The Budget Bill contains those Capital Projects the Governor has selected for construction or planning in the coming biennium.
- The General Assembly considers and passes the Acts of Assembly (the Appropriations Act).
- The Governor signs the Acts of Assembly (the Appropriations Act).
- Authorization to proceed with the projects must be granted by the Governor (or his designee) before any planning for or construction can begin.
- Funds are not available to be spent until July 1 of the even numbered years or until action on the Acts of Assembly (the Appropriations Act) is completed in odd numbered years

SECTION 1402.0 CAPITAL OUTLAY PROJECT IMPLEMENTATION PROCESS

The following generally summarizes the capital outlay project implementation process.

- Agency procures an Environmental Impact Report (or obtains letter from DEQ that EIR is not required for the project). Preparation and submission of an environmental impact report is required for each major state project (Virginia Code §10.1-1188). Regulatory authority is assigned to the Virginia Department of Environmental Quality (Va DEQ) in Virginia Code §10.1-1191. Submission requirements are described in the "Procedure for Environmental Impact Review of Major State Facilities", prepared by the Va DEQ - current issue 2003.
NOTE: Virginia Code §10.1-1190 provides that the State Comptroller shall not authorize payments of funds for major state projects unless the request is accompanied by written

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

- approval of the Governor after his consideration of the comments by DEQ on the environmental impact of the facility.]
- Agency obtains authority to initiate a Capital Outlay Project by submitting Form CO-2 for approval.
 - Agency issues RFP for A/E services, interviews and selects A/E, negotiates fee, awards A/E Contract (Form CO-3 and MOU) (See Chapter 4)
 - Agency and A/E attend Pre-design Conference.
 - A/E develops and submits Schematic design for approval. Approve Schematic design and receive approval to proceed to Preliminaries. (Form CO-4)
 - A/E develops and submits Preliminary design for approval.
 - Conduct VE Study if value of the project authorized construction cost exceeds \$5,000,000
 - Issue notice of availability of Preliminary design to local jurisdiction (Form CO-5a)
 - Obtain approval of design from AARB
 - Approve Preliminary design and receive approval to proceed to Working Drawings. (Form CO-5)
 - A/E develops and submits Working Drawing submittal for approval. Review Working Drawings design. Receive approval of Working Drawings using Form CO-6 and receive approval to advertise for bids.
 - Contact BCOM to establish a Bid Date
 - Advertise / Post Notice of IFB
 - Receive Bids with Bid Bond, Form CO-10.2. Open Bids and evaluate.
 - If within Budget, submit CO-8 for approval, fax Bid Form and Bid Tab to BCOM, Post Notice of Intent to Award Contract
 - If over budget but within range for negotiation, request approval to negotiate. If negotiations successful, prepare CO-9b, Post Bid Modifications to Bid.
 - Use Form CO-9 to Award Contract for Construction
 - Contractor submits Performance Bond using CO-10 and Labor and Material Payment Bond using CO-10.1
 - Submit Application for Building Permit, CO-17a. (See Chapter 15).
 - For Change Orders to A/E Contract use CO-11AE
 - For Change Orders to Construction Contract, use Form CO-11 and CO-11a
 - Submit Application for Certificate of Use and Occupancy, Form CO-13.3a (See Chapter 15)
 - Submit Project Completion Report using Form CO-14

SECTION 1403.0 CAPITAL OUTLAY PROJECT AUTHORIZATION:

Appropriated funds will be allotted and authority given to initiate a project, subject to interim approvals, reviews, and progress reporting, upon application from the agency but not before July 1 following General Assembly approval of the Biennial Budget which includes the project. In odd numbered years if a capital outlay project is added to the Budget during the short session, DPB may authorize the project after the Governor and veto session action on the amended Budget.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

Architectural or engineering planning for or construction of, or acquisition of any capital project shall not commence or a revision be initiated without prior written approval of the Governor (§4-4.01 of the Appropriation Act (the Acts of Assembly)).

Under certain circumstances the Governor may authorize the initiation of Capital Projects under the conditions set forth in **§4-4.01.m** of the General Provisions of the Acts of Assembly. A project authorized under **§4-4.01.m** is subject to the Capital Outlay Process, including the submission of E&B Form CO-2 to request authorization to initiate the project.

SECTION 1404.0 PROJECT EXECUTION

1404.1 Acquisitions of Real Property:

Acquisition of real estate shall be handled as a Capital Outlay Project and is governed by DGS/DEB Real Property Management Manual Chapter 2, Fee Acquisition.

To initiate an acquisition, submit an E&B Form CO-2 to the Bureau of Real Property Management (BRPM). For projects which consist of acquisition and construction, the request to acquire the property must be submitted on a separate E&B Form CO-2 to the BRPM with an informational copy provided to the Bureau of Capital Outlay Management.

1404.2 Demolition:

Demolition of any building (plant) regardless of size and type shall be authorized by the Governor prior to proceeding. (§ 2.2-2402.B, *Code of Virginia*.) The Division of Engineering and Buildings' Directive Number One provides specific instructions on the approval process. Demolitions which are required to permit construction shall be approved before preliminary drawings are prepared.

1404.3. Temporary Facilities:

Though funding for the modular or industrialized building or prefabricated building may be proposed from maintenance and operating funds, such projects are essentially Capital in nature. Prior to submitting a requisition to the Division of Purchases and Supply (where purchase is involved) or before finalizing any contractual arrangements for lease of a temporary facility, submit plans of the structure to BCOM for issuance of a building permit. The plans shall show that the structure meets the requirements of the Virginia Uniform Statewide Building Code or the Virginia Industrialized Building Unit and Mobile Home Safety Regulations and is accessible to the disabled. The plans shall include site location plan, proper anchorage, tie down and utilities for the structure. See Chapters 12 and 15.

Include a site plan indicating the proposed location of the facility. The location of the facility, as well as the aesthetics of the proposed structure, shall be presented to the Art and Architectural Review Board. Prior to occupancy, the Agency shall apply to the State Building Official (Division of Engineering and Buildings) for a Certificate of Occupancy for the facility. Application shall be made

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

on the E&B Form CO-13.3a Mod and be accompanied by a letter report of inspection recommending occupancy of the facility from the Regional Fire Marshal's Office.

1404.4 Construction Projects

Capital construction projects are generally executed as described above. [Also see Figure 1404-1]. The 3-digit agency code and the five digit project code assigned to the project in the Appropriation Act shall be the basic project identifier for the life of the project. Agencies with a blanket or umbrella appropriation; a project that will be accomplished by separate contracts at multiple locations or acquisitions at multiple locations; or a single project to be accomplished through two or more construction contracts, shall assign a 2-digit sub-project code for each undertaking. Several examples are given below. The agency code, project code and sub-code shall be used on all capital outlay forms and correspondence.

EXAMPLE BLANKET APPROPRIATION

Improvement: Blanket Authorization - Auxiliary (14666)

Project Number:	Title
234-14666-01	Replace Clipper - Dining Hall
234-14666-02	Renovate Pool Room, Student Activity Building
234-14666-03	Upgrade HVAC System Intramural Gym.

EXAMPLE MULTIPLE PROJECT LOCATION APPROPRIATION

Improvement: Upgrade Central Heating Plants (15111)

869-15111-01	Install Gas Boilers - Roanoke Shop
869-15111-02	Replace Traveling Grates - Tazewell Facility
869-15111-03	Install Industrial Water Treatment Equipment, Warrenton Heating Plant

EXAMPLE MULTIPLE CONTRACTS - SINGLE PROJECT

Construction: Freestone Recreation Area (19213)

707-19213-01	Construct Grand Pavilion
707-19213-02	Construct Beach Area Facilities, Phase I
707-19213-03	Construct Beach Area Facilities, Phase II

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

1404.5 Project Initiation:

Agencies shall submit a "Request for Authority to Initiate Capital Project, G.S. Form E&B CO-2" (CO-2 Excel format) to the BCOM E-mail address "coforms@dgs.state.va.us" on all projects except where agency has delegated authority to approve CO-2 locally. In such case, a copy of the locally approved CO-2 shall be forwarded to the BCOM E-mail address "coforms@dgs.state.va.us".

CO-2: REQUEST FOR AUTHORITY TO INITIATE CAPITAL OUTLAY PROJECT

Purpose: To request authority to initiate a project.

Submit: Subsequent to release of the Appropriation Act.

Other Uses: (1) Change in "Movable Equipment & Furnishings" amount,
(2) transfer money into or out of project, and
(3) infuse additional funds.

Special

Conditions: E-mail the CO-2 to "coforms@dgs.state.va.us"

When the approved CO-2 authorizes an agency to "**proceed**", subsequent submission of the Capital Outlay G.S. Forms E&B CO-5, CO-6, CO-13, CO-13.1 and CO-13.2 are waived unless specific submittals are noted on the CO-2. However, the Agency shall obtain a Building Permit prior to the start of the construction if the authorized Work requires such a permit. (See Chapter 15)

The Director, Department of General Services, may authorize minor increases in square footage of a project where the increase is justified (§4-4.01 of the Appropriation Act). The Agency head shall submit a written request for such an increase to the Director of Department of General Services stating the necessity and justification for the increase. Any request which would increase the cost of the project beyond the amount appropriated will not be considered.

The Total Project Budget breakout on the CO-2 will reflect the results of DPB and DEB review during the budget development process. List sub-projects with sub-project numbers and fund proportioning for each on page 2 and page 3, if needed, on the CO-2. Appropriate comments and instructions relative to changes from the figures submitted by the Agency with the Capital Budget Request will be provided to the Agency during or after budget development. The amount of funding shown in the equipment line on the CO-2 will remain fixed for the life of the project unless a revised CO-2 is submitted and approved by the DPB to adjust the equipment amount. Equipment purchases must be coordinated with and, where appropriate, procured through the Division of Purchases and Supply.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

1404.6 Pre Design Conference

The Agency may hire an A/E firm to prepare drawings and specifications upon receipt of the approved CO-2. Prior to preparation of schematics or the continuation of design beyond the concept presented in the Capital Budget Request, the agency shall schedule a pre-design meeting with BCOM. The meeting may be held at BCOM. Participants shall include the BCOM lead reviewer for the agency, the A/E, the agency project manager, the user of the facility and, at DPB's discretion, the DPB budget analyst for the agency. The agenda for the meeting shall include:

- Introductions
- Role of BCOM
- Authorized Communications
- Project Scope
- Project Budget
- Proposed Design Schedule
- Required Reviews
- Manual** Design Requirements
 - Public Procurement Act
 - Chapters 7 - 10 of the **Manual**
 - Fire Safety Reviews
 - Fire Protection System Design
- Clarification/Resolution of Budget Development Comments
- Waivers/CODE Modifications
- Content of Review Submission
- Intent of Review Comments
- Design Approach
- Sole Source / Proprietary Specifications
- Use of Standard Procurement / Specification Forms
- Value Engineering
- Prequalification
- Other Regulatory Reviews
- Fuel Selection

The Agency shall prepare and distribute minutes of the meeting to all participants within 14 days of the meeting. Participants shall have 10 days to note any corrections to the minutes that may be necessary.

The Agency may proceed with the project design at the conclusion of the 10-day review period for the pre-design meeting minutes. Agreements on design direction, scope, budget, review comment agreement, etc., reached during the pre-design meeting shall be incorporated in the first review submission.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

1404.7 Schematics:

Schematic submittals are usually required for Capital Outlay Projects which have not had a Preplanning Study prepared. Section 806, outlines the requirements for the Schematic submittal. Generally, the Schematic translates the Agency's written project functional, spacial and adjacency requirements into a graphic presentation of floor plans, space sizes and relationships, and exterior building elevations. The Agency shall make a schematic presentation to the Art and Architectural Review Board as soon as the A/E completes and DEB approves the schematic submittal. Additional reviews may be required by the Art and Architectural Review Board.

CO-4 Application for Approval of Schematics

Purpose:	To submit and receive approval of the Schematic submittal and obtain authority to prepare Preliminaries. Use a separate CO-4 for each sub-project submitted.
Submit:	With Schematic submittal when Schematic drawings and data are complete and ready for review.
Other Uses:	N/A
Special Conditions:	CO-4 (Excel format) to the BCOM E-mail address " coforms@dgs.state.va.us "

1404.8 Preliminary Submittal:

The next project approval milestone is the submittal of preliminary drawings with the basis of design narrative, building systems and equipment checklist, and cost estimates to BCOM and other Agencies for review. Chapter 8, Section 807, of the Manual outlines preliminary submittal requirements. The Agency shall arrange for a value engineering study of each project with an estimated construction cost greater than \$5,000,000. The study and Agency action on the study recommendations are a required part of a preliminary submittal. The Agency is responsible for making submittals to and obtaining approvals from the other review agencies listed in Section 811. BCOM is not involved in these reviews and approvals

After BCOM review and resolution of any differences between agency action on the VE recommendations and the BCOM preliminary review comments, an approved CO-5 will be issued to authorize preparation of working drawings. Any changes required by the BCOM review comments shall be incorporated in the next project submission.

CO-5: Application for Approval of Preliminary Drawings and Specifications

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

Purpose:	To submit and receive approval of the preliminary drawings and obtain authority to prepare working drawings. Use a separate CO-5 for each sub-project submitted.
Submit:	With the preliminary submittal when preliminary drawings and data are complete and ready for review.
Other Uses:	To make adjustments to construction, A/E, Project Inspection and Other Budget Lines as project design develops.
Special Conditions:	CO-5 (Excel format) to the BCOM E-mail address " coforms@dgs.state.va.us "

Agencies with an authorized Higher Education Capital Outlay (HECO) approval authority may perform its own schematic, preliminary and working drawings reviews of Capital Outlay Projects and approve its HECO Forms CO-4, CO-5 and CO-6. A copy of these Agency approved HECO forms shall be sent to the Bureau of Capital Outlay Management in conformance with the Agency's Memorandum of Understanding with the Secretary of Administration.

The Agency shall notify (using the Form E&B, CO-5a), the chief administrative officer of the county, city or town in which the Agency intends to undertake the capital project that preliminary plans are available upon the request of the locality.

CO-5a Notification of Availability of Preliminary Drawings

Purpose:	To notify the administrative officer of the local political subdivision of the availability of preliminary drawings.
Submit:	To the appropriate administrative officer concurrent with submission of preliminaries to BCOM.
Other Uses:	Not Applicable.
Special Conditions:	None.

The purpose of the notification is to enable the locality to evaluate the project and to submit their comments to the agency. Upon receipt of a request from the locality, the Agency shall transmit a copy of the preliminary plans to the locality for comment (§15.2-2202.C).

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

1404.9 Working Drawing Submittal

The next project approval milestone is the submittal of completed working drawings and specifications by the Agency to the BCOM and other reviewing Agencies. See Section 811 for a listing of other agencies whose review and approvals may be required. A completed E&B Form CO-6 and the final cost estimate shall accompany the submittal to BCOM. BCOM will review the working drawings and specifications and, if appropriate, approve the working drawings and authorize the Agency to advertise the project for bids.

Some projects (e.g., work on historic landmarks, demolitions, water and wastewater treatment plants, central heating plants, etc.) may require the review of the Department of Health, Department of Historic Resources, and Department of Environmental Quality at both preliminary and working drawing stages. The Agency in concert with its A/E shall be responsible for determining when these reviews are necessary and ensuring that the appropriate review Agencies receive the plans and specifications. Changes required by the BCOM review comments shall be incorporated in the bid package before the construction documents are released to prospective bidders.

The Agency shall submit two copies of the revised documents to BCOM before release of the documents to prospective bidders unless otherwise instructed. The Agency shall ensure comments of the State Fire Marshal, Division of Soil and Water Conservation, and other reviewing Agencies are received and incorporated in the bid package prior to advertising. Addenda to a bid package shall not be issued later than 10 days prior to bid opening. Confirmation that all comments have been incorporated must be submitted to BCOM at least 10 days prior to the bid receipt date.

CO-6: Application for Approval of Working Drawings and Specifications

Purpose:	To submit and receive approval of working drawings and to receive approval to advertise a project for bids. Use a separate CO-6 for each sub-project submitted.
Submit:	With the working drawings and when the working drawings are complete and ready for review.
Other Uses:	To make adjustments to the Construction, A/E, Project Inspection, and Other budget lines based on final project design.
Special Conditions:	CO-6 (Excel format) to the BCOM E-mail address " coforms@dgs.state.va.us "

Even though some agencies may have "HECO" authority to approve the HECO-2, HECO-5 and HECO-6 for their Capital Outlay projects, BCOM review or the Working Drawings / Construction Documents is required before a Building Permit is issued. It is strongly recommended that the Working Drawing plans and specifications be submitted to BCOM review prior to release to bidders so that any Codes and Standards deficiencies noted can be corrected prior to bidding. This is a more cost effective process than making corrections by Change Order to the Construction Contract.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

Bid dates for Capital Outlay projects (both BCOM and HECO approved) shall be established with the BCOM. The purpose is to assure that state capital projects do not compete with each other or other significant projects for bidders on bid day. Call (804) 225-3769 to establish the bid date. Contractors shall be allowed 30 days from the date of first public notice to prepare and submit bids unless otherwise approved.

1404.10 Bid Opening and Contract Award:

On the date prescribed, Bids shall be publicly opened and announced as specified in Chapter 10. When the apparent low responsive and responsible bidder is determined, the Agency shall prepare a tabulation of bids and a G.S. Form E&B CO-8, Approval to Award Contract (CO-8). If the low bid is equal to or less than the Agency's construction estimate on the CO Form authorizing advertising (e.g., CO-6), the E&B Form CO-8 may be approved locally by the Agency's designated Virginia Construction Contracting Officer (VCCO). A copy of the approved CO-8 shall be E-mailed and the bid tabulation and bid form shall be FAXed to BCOM within two (2) business days after bid opening.

CO-8: Approval to Award Contract

Purpose: Authorize the award of a construction contract to the apparent low bidder.

E-mail: One copy of the approved/signed CO-8 with the bid tabulation to the BCOM within two business days after signature by the designated Virginia Construction Contracting Officer (VCCO).

Other Uses: To make changes in the project budget after contract award for all budget lines except "Movable Equipment & Furnishings"

Special

Conditions: None

If the low bid exceeds the Agency construction estimate by less than 10%, and if funds are available within the approved total project budget shown on the approved CO-6, the agency may accept the bid. The designated VCCO shall sign the CO-8 which shall show the revised project budget breakdown. A copy of the approved CO-8 shall be E-mailed and the bid tabulation and bid form shall be FAXed to BCOM as stipulated above.

If the low bid exceeds the agency construction estimate by 10% or more, the agency may:

- 1) request authority to infuse additional funds,
- 2) request authority to negotiate with the low bidder or
- 3) reject all bids.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

To infuse additional funds the Agency shall E-mail a revised CO-2, a CO-8 and the bid tabulation and bid form FAXed to the BCOM for approval of the funding action by DPB and approval of the contract award by BCOM.

Authority to negotiate with the low bidder shall be requested from the Director of the BCOM. Follow the procedures detailed in Section 1005 of Chapter 10 to request authority to negotiate.

In all cases where the low bid exceeds the agency construction estimate by more than 10%, approval to award a contract (even after negotiations with the low bidder) shall be required from the Director of the BCOM.

Prior to rejecting bids, the agency shall contact the BCOM at (804) 786-6292 and coordinate their proposed rejection with the Director of the BCOM.

When the CO-8 has been approved the agency may award a contract to the low bidder.

The project budget on the CO-8 shall reflect the contract award amount, A/E fees, supervision, equipment and a maximum of 5% of the low bid amount, or negotiated amount where negotiation with the low bidder was authorized, for the construction contingency. Remaining funds shall be de-allotted and held by DPB pending project completion. If during the course of construction the contingency is exhausted and additional contingency is required, the agency shall submit a revised CO-2 and a revised CO-8 to BCOM/DPB requesting approval of the additional contingency amount. The request shall identify the source of funds for the contingency increase and include an explanation as to why the additional contingency is needed.

1404.11 Building Permits and Demolition Permits:

Working Drawings and Specifications / Construction Documents must be reviewed and approved by BCOM prior to issuance of a Building Permit. Simultaneous with the submission of the CO-8 to the Director, DEB, the following shall be submitted to obtain a Building Permit and/or Demolition Permit:

CO-17a: Application for Building Permit See Chapters 12 and 15

CO-17.1: Demolition Permit (for demolition of Existing Buildings)

Purpose: To authorize demolition of existing structures on State property. (Interior demolition associated with renovations and repairs is usually covered by the Building Permit.)

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

- Submit: One copy to Bureau of Real Property Management of CO-17.1 completed with all information and dates and copies of approval by other relevant State Agencies. One copy will be returned to the Agency when signed and approved by the Building Official and the Governor's Designee.
- Other Uses: None
- Special Conditions: Request must show dates of approval by the AARB and by Historic Resources (DHR) to demolish the structure. Also show dates of Asbestos Survey and Lead Based Paint Survey. Contract Documents must require proper disposal of Hazardous and Non-Hazardous materials including the proper handling and disposal permits. Authorization is contingent upon approval of the CO-8 for award of the Demolition Contract (or Construction Contract if demolition will be done as part of that contract).

1404.12 Change Orders to the Construction Contract

Contract change orders may be necessary during the course of construction. Change orders are most commonly necessitated by unforeseen site or building conditions; errors or omissions in the contract documents; an opportunity to reduce the operating cost of the facility under construction; technology changes occurring since contract award which must be incorporated in the project; or a change in the agency requirement. All changes involving the contract amount or performance time shall be included in an approved contract change order G.S. Form E&B CO-11 and justified or explained on the CO-11a (CO-11 and CO-11a). No change order shall be issued that will cause the balance of the project budget construction contingency shown on the approved CO-8 to be exceeded. Additional construction contingency shall be requested and approved as outlined in Section 1404.10 prior to issuing the change order.

CO-11 / CO-11a: CONTRACT CHANGE ORDER / JUSTIFICATION

- Purpose: To request and receive approval of a change in the construction contract time, amount, or both.
- Submit: For all locally approved capital outlay project change orders, submit one copy of the CO-11 and the CO-11a justification to the BCOM within 5 days after the change order is approved and signed.
- For all change orders requiring the prior approval of the Governor or his designee, submit two copies of the CO-11 and CO-11a with one copy of the contractor back-up cost material. The CO-11a shall specifically address points identified below.
- Other Uses: Must be used to document any and all changes to a construction contract (CO-9) using CPSM procedures. Must also be used to document change orders to maintenance reserve and other non-capital outlay construction contracts.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

Special Conditions: **Any Change Order which changes work regulated by the Building Code, its referenced Standards, or DEB Standards must be submitted to BCOM with copies of the document showing the changes to the regulated systems. BCOM review of these Change Orders is to assure compliance with the applicable codes and standards.**

Changes involving an increase in construction contract price of **more than 25% of the original contract amount or \$50,000, whichever is greater**, shall have the prior written approval of the Governor or his designee. When the cumulative total of change orders exceeds the original contract amount **by more than 25% or \$50,000, whichever is greater**, any subsequent change order that increases the contract amount, regardless of the amount, shall have the prior approval of the Governor or his designee. Submit the CO-11 and CO-11a to BCOM for approval of the contract change with supporting documentation. The Agency justification section of the CO-11a on all change orders shall

- (1) include a written statement by the Agency outlining the proposed cost sharing by the responsible design professional when the change results from an error or omission; and
- (2) answer the following questions:
 - (a) When was the change in agency requirement known?
 - (b) If before bidding, why were the changes excluded from the bid package?
 - (c) Why can the work not be packaged and bid separately?
 - (d) What quantitative impact will the lack of this change have on the service delivery of the Agency?

An informational copy of all CO-11's and CO-11a's approved locally shall be sent to BCOM without the supporting documentation.

1404.13 Change Orders to the A/E Contract

Change Orders to the A/E Contract may be necessary during the course of design and/or construction. Change orders are most commonly necessitated by unforeseen site or building conditions; changes in agency requirements; extra services required by the agency; technology changes occurring since contract award which must be incorporated in certain types of projects; or delays in construction which are not attributable to the A/E. All changes involving the contract amount, 'design-not-to-exceed budget' or performance time shall be included in an approved contract change order G.S. Form E&B CO-11a/e and CO-11a (CO-11a/e and CO-11a).

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

CO-11a/e / CO-11a: ARCHITECT/ENGINEER CONTRACT CHANGE ORDER / JUSTIFICATION

- Purpose: To request and receive approval of a change in the contract time, amount or both.
- Submit: For all change orders requiring the prior approval of the Governor or his designee, submit two copies of the CO-11a/e and CO-11a with one copy of the A/E back-up cost material. The CO-11a shall specifically address points identified below.
- Other Uses: Used to document all changes to the A/E contract and/or MOU.
- Special Conditions: None.

Changes involving an **increase in the A/E contract price of more than 25% of the original contract amount or \$50,000, whichever is greater**, shall have the prior written approval of the Governor or his designee. When the cumulative total of change orders exceeds the original contract amount by **more than 25% or \$50,000, whichever is greater**, any subsequent change order that increases the contract amount, regardless of the amount, shall have the prior approval of the Governor or his designee. Submit the CO-11a/e and CO-11a to BCOM for approval of the contract change with supporting documentation indicating how the change in contract amount was determined. The Agency justification section of the CO-11a on all change orders shall

- (1) include a written statement by the Agency outlining the proposed cost sharing by the Contractor when the change results from a substitution proposed by the Contractor or
- (2) answer the following questions when the change is generated by a change in agency requirement:
 - (a) When was the change in agency requirement known?
 - (b) If before bidding, why were the changes excluded from the bid package?
 - (c) Why can the work not be procured separately?
 - (d) What quantitative impact will the lack of this change have on the service delivery of the Agency?

1404.14 Building Occupancy:

The Building Official may approve a building or facility being occupied when it is substantially complete. A new building, addition to a building, or a renovated building with a new use group classification shall not be occupied until the State Building Official issues a Certificate of Use and Occupancy, Form CO-13.3. The Agency shall apply to the BCOM for a Certificate of Occupancy by submitting a Form CO-13.3a, Application, with the required reports and Certificates of Substantial or Final Completion attached. Requests for Partial or Temporary Occupancy shall also include a small scale floor plan with the subject areas requested for occupancy noted.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

The application shall include a CO-13.1 or CO-13.1a (Certificate of Completion or Certificate of Partial/ Substantial Completion by A/E); a CO-13.1b (Final Report of Structural and Special Inspections); a CO-13.2 or CO-13.2a (Certificate of Completion or Certificate of Partial/ Substantial Completion by Contractor); a copy of the Contractor and A/E's punch lists; and a letter or report from the Regional Fire Marshal's Office stating there are no objections to the building being occupied or stating conditions for occupancy of the building; and a CO-13.3b (Checklist for Beneficial Occupancy). If the A/E's construction visits / inspections were limited, also include a CO-13.1c (Certificate...by Construction Inspector ...). Projects which have elevators, food service / kitchen facilities, and/or water or waste water treatment facilities are required to be inspected separately and have a certificate of compliance issued by the inspecting entity. Include copies of certificates with the Electronic Application for Certificate of Use and Occupancy. The Building Official (Director, Division of Engineering and Buildings) may issue a Certificate of Use and Occupancy when, in his judgment, the building, or designated portion of the building, is substantially complete and all life and fire safety elements of the project design are functioning properly.

CO-13.3a Application for Certificate of Use and Occupancy

- Purpose:** To authorize the use of a building for its intended function. The certificate shall specify the use group, the type of construction, the occupancy load in the building and all parts thereof, the edition of the Uniform Statewide Building Code under which the building was constructed and any stipulations, conditions and modifications.
- Submit:** A completed CO-13.3a, Application for Certificate of Occupancy, with a completed and signed CO-13.1a Certificate of Partial or Substantial Completion by A/E or CO-13.1, Certificate of Completion by A/E; a completed and signed CO-13.2a, Certificate of Partial or Substantial Completion by Contractor, or CO-13.2, Certificate of Completion by Contractor; a CO-13.3b, Checklist for Beneficial Occupancy; and the Fire Marshal's Inspection / Acceptance Report to BCOM at least 5 work days prior to the requested occupancy date.
- Other Uses:** None.
- Special Conditions:** Include copies of certificates for elevators, food service / kitchen facilities, and/or water or waste water treatment facilities as may be applicable for the project.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

CO-13.3a Application - Temporary or Partial Certificate of Use and Occupancy

- Purpose:** To authorize the use of a building or portion thereof for its intended function. The certificate shall specify the use group, the type of construction, the occupancy load in the building and all parts thereof, the edition of the Uniform Statewide Building Code under which the building was constructed and any stipulations, conditions and modifications concerning the building's use or occupancy.
- Submit:** A completed CO-13.3a, Application for Certificate of Occupancy, with a completed and signed CO-13.1a Certificate of Partial or Substantial Completion by A/E with current punch list; a completed and signed CO-13.2a, Certificate of Partial or Substantial Completion by Contractor including Contractor's list of incomplete work; a CO-13.3b, Checklist for Beneficial Occupancy; the Fire Marshal's Acceptance Report; and copies of any applicable specialty certificates; to BCOM at least 5 work days prior to the requested occupancy date.
- Other Uses:** None.
- Special Conditions:** Include a small scale floor plan showing areas proposed to be occupied with requests for Temporary or Partial Occupancy.

CAUTION: Agencies must be aware of the legal, insurance and warranty implications that requesting and taking Temporary or Partial Occupancy of a building, or a portion of the building, prior to final completion may have. First, the Contractor must agree that the Agency has its permission to occupy and the parties must agree to the conditions. Second, agreeing to occupy may indicate that the agency agrees that the portion occupied is 'substantially complete' when it really isn't. There may be implications on claims, defects and deficiencies, insurance, warranty start date, responsibility for safety and many other issues. The Agency should not request to occupy a building or space that has not been completed until all these issues have been addressed and resolved.

1404.14 Project Close Out

Every capital project which has an approved CO-2 authorizing the project to be initiated shall be closed out by the completion of and submission of a Project Completion Report, GS Form E&B CO-14. This includes projects which may have been cancelled by the agency and never constructed, projects where funds were reverted, projects which were combined with another project and the funds transferred, and projects where the funding was never allotted.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

A project may be reported as 100% complete in the semi annual capital outlay status report when a Certificate of Occupancy, CO-13.3, has been issued by the State Building Official and in the case of renovation projects where there is no change in use group classification, when the owner has taken beneficial occupancy of the entire project area.

The Project Completion Report, GS Form E&B CO-14, shall be submitted to BCOM as soon as practical after the project is physically complete and the associated administrative steps have been concluded, but no later than 12 months after the owner occupies the building or the work has been accepted as substantially complete. Included in this generalized statement are such things as the contractors submission of warranty, operating manuals, maintenance procedures and other user required documentation; submission of the record drawings by the A/E; release of retainage to the contractor and final payment for any outstanding invoices and other ancillary or associated work/equipment provided by vendors and contractors not associated with the general construction; etc.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

CAPITAL OUTLAY ORDER OF PROCEDURE

<u>DOCUMENT</u>	<u>USE / ACTION</u>
CO-2	Authority to Initiate a Capital Outlay Project
CO-3	Contract for A/E Services to design a Project
CO-4	Approval of Schematics (when Schematics are required)
CO-5	Approval of Preliminary Design
CO-5a	Notice to Public Body of Availability of Preliminaries
CO-6	Approval of Working Drawings (Plans and Specifications) (and Authorization to Advertise for Bids)
CO-8	Authority to Award a Construction Contract
CO-9	Contract for Construction
CO-17A	Application for Building Permit
CO-17.1	Application for Permit to Demolish a Building
CO-11AE	Change Order to the A/E Contract
CO-11 And CO-11a	Change Order to the Construction Contract Justification for Change Order
CO-13.3A	Application for Certificate of Occupancy
CO-14	Project Completion Report

FIGURE 1401

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

CO FORMS CAPITAL OUTLAY SUBMISSION SUMMARY

<u>FORM #</u>	<u>DESCRIPTION</u>	<u>WHEN TO SUBMIT</u>	<u>FORMAT</u>	<u>CPSM CHAP</u>
CO-2	Initiate Project	As required to initiate any project, or for approval of a scope or dollar change to approved project	Electronic	14
CO-2.3	A/E Fee Proposal	A/E submits to Agency	None	6
CO-3, CO-3.1, CO-3.1a, or CO-3.2	Owner – A/E Contracts	10 days after contract executed (w/ copy of MOU)	Paper	4, 14
CO-4	Schematic Approval	With Schematics	Electronic	14
CO-5	Preliminary Approval	With Preliminaries	Electronic	14
CO-5a	Notice to Locality	Completion of Preliminary Documents	Paper- Send to Chief Administrative Officer, Local Political Subdivision	14
CO-6	Working Drawing Approval	With Working Drawings	Electronic	14
CO-6a	Inspection Statement	With Working Drawings w/CO-6b attached	Paper	8
CO-6b	Special Inspection List	Attached to CO-6a	Paper	8
CO-8	Approval to Award Contract	Within 10 working days of bid opening	Electronic (FAX Bid Form, Bid Tab, & CO-9b)	10
CO-8b	A/E Performance Evaluation	Upon receipt of Approved CO-6	FAX, pdf (copy to A/E)	5, 8
CO-9	Owner - Contractor Contract	Within 10 days after signing contract	Paper	10
CO-9b	Post Bid Modification	Attached to CO-9 (also FAX w/CO-8)	Paper	10, 14

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

<u>FORM #</u>	<u>DESCRIPTION</u>	<u>WHEN TO SUBMIT</u>	<u>FORMAT</u>	<u>CPSM CHAP</u>
CO-9.1	Notice of Intent	When Bidder Notified	FAX (& “POST” copy)	10
CO-9.1a	Notice of Award	Concurrent with Award	FAX (& “POST” copy)	10
CO-10	Performance Bond	No submittal to BCOM	To Agency File w/CO-9	10
CO-10.1	Payment Bond	No submittal to BCOM	To Agency File w/CO-9	10
CO-11	Change Order to Construction Contract	When Change Order requires Governor’s approval (2 originals)	Paper w/ CO-11a justification & backup	10, 14
CO-11	Change Order to Construction Contract	When Change Order DOES NOT require Governor’s approval	Paper w/ CO-11a (or Electronic)	10, 14
CO-11a	Change Justification	With CO-11	Paper	10, 14
CO-11a/e	Change Order to A/E Contract	When Change Order requires Governor’s approval (2 originals)	Paper w/ CO-11a justification & backup	10, 14
CO-12	Schedule of Values, Request for Payment	Within 60 days of Contract award and at project close-out	Electronic or diskette copy of the CO-12 Excel spreadsheet is preferred	10
CO-13	Affidavit - Payment of Claims	With Contractor’s Final payment request	Paper, pdf	10
CO-13.1	A/E Certificate of Completion	After completion of Final Inspection	Paper, pdf	10
CO-13.1a	A/E Certificate of Substantial Completion	After Substantial Completion Inspection	Paper, pdf or FAX with CO-13.3a	10, 14
CO-13.1b	Final Report of Structural Inspections	After Substantial Completion Inspection	Paper, pdf or FAX with CO-13.3a	10, 14
CO-13.1c	PM or PI Certificate of Substantial Completion	After Substantial Completion inspection	Paper, pdf or FAX with CO-13.3a	14
CO-13.2	Contractor Certificate of Completion	After completion of Final Inspection	Paper, pdf	10

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

<u>FORM #</u>	<u>DESCRIPTION</u>	<u>WHEN TO SUBMIT</u>	<u>FORMAT</u>	<u>CPSM CHAP</u>
CO-13.2a	Contractor Certificate Substantial Completion	Before Substantial Completion inspection	Paper, pdf or FAX with CO-13.3a	10, 14
CO-13.3	Certificate of Use & Occupancy	None	Issued by DEB/BCOM	10, 14
CO-13.3a	Application for Certificate of Use & Occupancy	After Substantial Completion Inspection - Prior to Occupancy	Paper, pdf or FAX w/ CO-13.1a, CO-13.2a, CO-13.3b & other reports	10, 14
CO-13.3b	Checklist for Beneficial Occupancy	With CO-13.3a	Paper, pdf or FAX	14
CO-14	Completion Report	Within 12 months of Building Occupancy	Electronic pdf	10, 14
CO-14a	A/E Performance	With CO-14	FAX, pdf (copy to A/E)	10
CO-14b	Contractor Performance	With CO-14	FAX, pdf	10
CO-15	Application for Review Delegation	As required	Paper	11
CO-16	Prequalification	As required by RFQ	None	11
CO-17	Building Permit	None	Issued by DEB/BCOM	10
CO-17a	Permit Application - Capital Project	With CO-8 for Capital Project	Electronic pdf or FAX	10, 14
CO-17a	Permit Application - Non-Capital Project	With plans & specs for Non-capital, Towers, Tents, Industrialized/Modular Bldgs	Paper, pdf	14
CO-17.1	Demolition Permit	After DHR & AARB Approvals, before demolition	Paper to BRPM w/attachments	14
CO-18	Sole Source Procurement Approval	Before Working Drawings	Paper	8

FORMAT TO BCOM explanations

Electronic = E-mail or other electronic transmission to a specified electronic address

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 14: CAPITAL OUTLAY PLANNING & PROJECT APPROVALS

- FAX = Paper copies transmitted electronically from one FAX machine to BCOM FAX number
OR a 'scanned' document in 'pdf' format sent electronically to BCOM E-mail address
- Paper = Paper copy or original w/signatures sent by US Postal Service or by courier service
- pdf = Indicates that 'scanned' document in 'pdf' format sent electronically to BCOM E-mail address may substitute for 'Paper' or FAX copy

FIGURE 1402